

Getting rid of a leased car doesn't have to be expensive, if you know what to watch out for. This information will help you negotiate the best deal at the **end** of your lease. It will also help you decide whether to keep the car and get out of the leasing cycle.

Every lease contract is different, it is important to read your contract and understand your obligations and rights before it's time to end your lease.

IMPORTANT END OF LEASE TERMS

Excess Wear and Tear Charges: Most leases make you responsible for any damage to the vehicle. Some contracts list what is considered over normal wear and tear. Others give the lessor the right to charge for any damages that they determine are unreasonable. *Of course, if you buy the car, you won't have to pay these charges.*

Excess Mileage Charges: Most leases have a limit on the number of miles you can drive. If you exceed the limit, you will be charged per mile, when you turn in the car. *If you buy the car, you won't have to pay these charges.*

Disposition and Purchase Option Fees: Most leases require you to pay a fee to cover the cost of selling the car. This is called a "disposition fee." *If you decide to buy the vehicle, the disposition fee will be eliminated, but you may be charged a "purchase option fee" to prepare the paperwork.*

Purchase Option: Most leases give you the option to buy the vehicle at the end of the lease for a price you agreed to when you signed the contract. This price is either listed in the contract or the contract specifies a method of determining how much they will charge you for the vehicle. **Note: If you are thinking of buying the vehicle, check your contract as many leases require you to notify the lessor one month in advance.**

KEY STEPS TO TAKE TO END YOUR LEASE

Step 1: Collect Information

Two months before the lease ends, read your contract and gather information on end of lease costs and the value of your vehicle. Here's what you need to know:

Excess Wear and Tear Charges...

Get an estimate. Always ask your dealer to provide you with a written estimate of any wear and tear charges.

Shop for lower costs. If the dealer indicates that there will be wear and tear charges, get written repair estimates from other repair shops for the listed problems.

Who does the repairs? If your contract requires that the dealer perform the repairs, ask if you can get a second estimate from another repairer before the work is started.

Excess Mileage Charges...

Estimate your final mileage. Check the car's current odometer reading and add the additional mileage you expect to drive before turning the car in.

Calculate your charges. Determine how many miles you are allowed in your contract and multiply any "excess" miles by the per mile charge.

Disposition Charges and Other End of Lease Fees...

Review your contract. Determine if there is a disposition fee or other charges when you turn in the car.

Step 2: Add up the Costs to End the Lease

The bottom line. Add up the following (using the lowest estimated excess wear and tear charges you received):

Excess wear and tear	\$
Excess mileage	\$
Disposition charge	\$
Other charges	\$
TOTAL due at lease end	\$

Don't forget to take into consideration what it will cost you to buy or lease another car. You will need a down payment or up front lease expenses.

Step 3: Determine the Cost to Buy the Car

Determine if you can buy. Review your contract and find out if you can buy the car. Also check to see if a purchase option fee will be charged.

Check purchase notification requirements. Many contracts require that you notify the dealer in advance (typically one month) if you want to buy the car.

Determine purchase price. Look for the listed price in contract. If the contract describes a method to determine the purchase price, ask the dealer for the current value.

Determine the car's retail value. Find out how much the car should cost in the open market by checking the NADA Official Used Car Guide, often called the "blue book," and found in most libraries and credit unions. The Guide's "retail value" is what you would expect to pay for the car.

Add up all the charges: Don't forget to include the purchase option fee when determining the cost to buy the car.

Retail value	\$
Purchase option fee	\$
Taxes	\$
Other charges	\$
TOTAL cost to buy	\$

BUYING THE CAR

- **Negotiate...** If the retail value of the car is less than what the lessor wants to charge you, don't hesitate to make a fair offer. It will save them the expense of transferring the car to another owner.
- **Compare financing...** If you decide you want to keep the car, be sure to compare the dealer's financing with your credit union or other financial institutions.
- **Get full credit...** Be sure to get full credit for your vehicle if you trade it in for another lease or purchase. This amount should be listed in your new contract.

TURNING IN THE CAR

Generally, if the car is worth less than the purchase price in the contract and the dealer won't sell it for less, **turn in the car**.

- **Add up your costs...** Review the information you collected on how much the lessor will charge for repairs and compare that with the independent estimate you received.
- **Repair the car...** If the independent estimate is substantially less than the lessors estimate, repair the car before turning it in. Be sure that the repairs meet the requirements of your contract and respond to the problems listed on the lessors estimate.
- **Get it in writing...** If you turn in a repaired car or one you consider meets the terms of the contract, be sure that you obtain a written confirmation of the condition of your vehicle.
- **Get a report...** If your contract specifies that the dealer has the right to repair the vehicle, request a Vehicle Condition Report with a detailed estimate of the repairs and costs.
- **Make a record...** Document the condition of the car before you turn it in by taking pictures or videos of both the interior and exterior of the car. Make sure the dealer knows that you have this information.



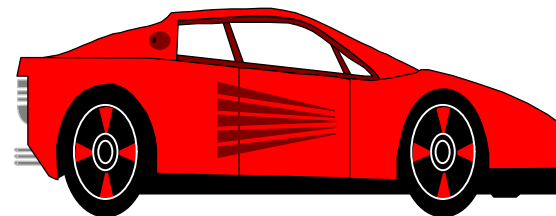
The Indiana Department of Financial Institutions, Division of Consumer Credit has many other credit related brochures available, such as:

Answers to Credit Problems
Applying for Credit
At Home Shopping Rights
Bankruptcy Facts
Buried in Debt
Car Financing Scams
Charge Card Fraud
Choosing A Credit Card
Co-Signing
Credit and Divorce
Credit and Older Consumers
Deep in Debt?
Equal Credit Opportunity
Fair Credit Reporting
Fair Debt Collection
Gold Cards
Hang up on Fraud
High Rate Mortgages
Home Equity Credit Lines
How to Avoid Bankruptcy
Indiana Uniform Consumer Credit Code
Look Before you Lease
Mortgage Loans
Repossession
Reverse Mortgage Loans
Rule of 78s – What is it?
Scoring for Credit
Shopping for Credit
Using Credit Cards
Variable Rate Credit
What is a Budget?
What is the DFI?

Call our toll-free number or write to the address on the cover for a copy of any of the brochures listed or for further consumer credit information. You can also access information at our web site on the Internet: <http://www.dfi.state.in.us>, then click on Consumer Credit.



IMPORTANT END OF LEASE INFORMATION



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